United Nations A/70/7/Add.4

General Assembly

Distr.: General
30 October 2015

Original: English

Seventieth session
Agenda items 134, 139, 141 and 148

Proposed programme budget for the biennium 2016-2017

Human resources management

United Nations common system

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for the year 2015

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement submitted by the Secretary-General (A/C.5/70/3) in accordance with rule 153 of the rules of procedure of the General Assembly on the administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission (ICSC) for 2015 (A/70/30). During its consideration of the statement, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 20 October 2015.

2. In the statement it is indicated that the decisions and recommendations of ICSC would have an impact on the proposed programme budget of the United Nations for the biennium 2016-2017, the budgets of peacekeeping operations for the 2015/16 peacekeeping financial period (six months) and the upcoming proposed peacekeeping budgets for the 2016/17 financial period. The decisions and recommendations are related to the following three issues: (a) conditions of service applicable to the Professional and higher categories of staff and the General Service and other locally recruited categories of staff: mandatory age of separation and the comprehensive review of the common system compensation package; (b) remuneration of the Professional and higher categories: review of the base/floor

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salary scale; and (c) remuneration of the General Service and other locally recruited categories: survey of best prevailing conditions of employment for General Service and related categories in New York, Kingston and London (A/C.5/70/3, para. 1).

3. The Secretary-General indicates that should the General Assembly approve the Commission's recommendations, the reduction in requirements for the proposed programme budget for the biennium 2016-2017 would be addressed in the context of the report on the revised estimates: effect of changes in rates of exchange and inflation for the biennium 2016-2017 (ibid., para. 52). Subsequently, upon enquiry, the Advisory Committee was informed that although the ICSC recommendations had not yet been approved by the General Assembly, the revised estimates would address the financial implications on a provisional basis and would be presented to the Assembly in mid-December. **The Advisory Committee stresses that the report of the Secretary-General on the revised estimates: effect of changes in rates of exchange and inflation should not anticipate the General Assembly's decision on the recommendations of the Commission and, therefore, the related financial implications should not be reflected in the revised estimates. The Committee trusts that should the General Assembly approve the Commission's recommendations, the Secretary-General will update the General Assembly on the related financial implications prior to the Assembly's decision on the proposed programme budget for the biennium 2016-2017.**

II. Mandatory age of separation

4. The Commission recommends that the implementation date for raising the mandatory age of separation to 65 for staff recruited before 1 January 2014 should be in 2016 and at the latest by 1 January 2017. The Secretary-General states that this was not factored in the preparation of the proposed programme budget for 2016-2017, specifically with respect to the determination of posts earmarked to be abolished or frozen, and would therefore have a negative impact on the planned implementation of the proposed programme budget, as programme managers would need to identify alternative measures to maintain the proposed budget level (ibid., paras. 2 and 3). **The Advisory Committee recalls its comments in its first report on the proposed programme budget for the biennium 2016-2017 (A/70/7, paras. 78 and 79).**

III. Comprehensive review of the common system compensation package

5. Under the comprehensive review, the statement indicates that the overall financial implications of the Commission's recommendations would amount to a net reduction of $113,200,000 per annum for the United Nations and other participating organizations of the common system in the sixth year of implementation, once the proposed transitional measures have been phased out. The statement also indicates that the financial impact on the programme budget of the United Nations and the budgets of peacekeeping operations would amount to a net reduction of $42,830,000 per year from the sixth year of implementation onward. Table 4 of the statement provides a breakdown of the financial implications in the sixth year of implementation. The statement further indicates that implementation of the

proposed system would require certain actions, including amendments to staff rules and regulations, and modifications in the enterprise resource planning software (Umoja), which are expected to entail additional costs to be determined following a decision by the General Assembly on the Commission's recommendations (A/C.5/70/3, paras. 5 and 6). Table 2 of the statement shows that the financial impact for the proposed programme budget for the biennium 2016-2017 under the comprehensive review of the common system compensation package is estimated at a reduction of $1,060,000.

Unified salary scale

6. In paragraph 8 of the statement, it is indicated that the current system reflects two salary scales, at single and dependent rates. The dependent rate salary is paid to staff with a dependent spouse or to those without a dependent spouse but with a dependent child. The Commission recommends to the General Assembly the following: (a) a unified base/floor salary scale structure for all staff in the Professional and higher categories without regard to family status; (b) staff assessment rates to be used in conjunction with gross base salaries upon implementation of the unified salary scale; (c) the resulting pensionable remuneration scale; and (d) the establishment of a dependent spouse allowance at the level of 6 per cent of net remuneration. Staff with non-dependent spouses who are currently in receipt of the dependent rate salary by virtue of a first dependent child would instead receive the child allowance. The proposed salary scale also reflects a structural change to the current scale that has varying grade spans and scale compressions. The proposal includes a more uniform salary scale, with 13 steps for grades P-1 to P-5 and with additional steps at the D-1 and D-2 levels. The Commission also recommends granting within-grade step increments annually from step 1 to step 7 and biennially thereafter for staff in the Professional category, maintaining biennial steps at the D-1 and D-2 levels in accordance with the present system and replacing the current practice of granting accelerated step increments as an incentive with other cash or non-cash awards.

7. According to the Secretary-General, taking into account the proposed transitional measures and the implementation date of 1 January 2017, the financial implications of approval of the recommendations above for the proposed programme budget for the biennium 2016-2017 are estimated at a net increase of $1,570,000, while the financial implications for the proposed budgets for peacekeeping operations for the financial period from 1 July 2016 to 30 June 2017 are estimated at a net increase of $570,000 (ibid., paras. 11 and 12).

Hardship system/mobility

8. The Commission recommends an adjusted hardship system with one hardship rate, which would be differentiated by the classification of the duty station and grade level of staff, regardless of family status. The Commission also recommends replacing the existing additional hardship allowance with a non-family service allowance at a flat amount, based only on the family status of staff. In addition, the Commission recommends the introduction of a mobility incentive at a flat amount differentiated by grade only, in lieu of the current mobility allowance (ibid., paras. 13 to 18).

9. The statement indicates that, taking into account the proposed transitional measures and the implementation date of 1 July 2016, the financial implications of these recommendations for the proposed programme budget for the biennium 2016-2017 are estimated at a net increase of $1,080,000 and the financial implications for the proposed budgets for peacekeeping operations for the financial period from 1 July 2016 to 30 June 2017 are estimated at a net increase of $4,390,000 (ibid., paras. 20 and 21).

Education and special education grant

10. Under the education grant scheme, the Commission recommends a revision to the criteria for the coverage of post-secondary education to make the grant payable up to the end of the school year in which the child completes four years of post-secondary studies or attains the first post-secondary degree, whichever is earlier, subject to the upper age limit of 25 years. The Commission also makes recommendations on expenses considered admissible under the scheme, tuition and enrolment-related fees, boarding-related expenses, education grant travel and capital assessment fees. The Commission makes further recommendations on the special education grant and related expenses (ibid., paras. 23 and 24).

11. Given the proposed implementation date of 1 September 2017, the Secretary-General states that the financial implications of these recommendations for the proposed programme budget for the biennium 2016-2017 are estimated at a net decrease of $3,080,000, with no financial implications for the proposed budgets of peacekeeping operations for the financial period from 1 July 2016 to 30 June 2017 (ibid., para. 26).

Accelerated home leave

12. With respect to the Commission's recommendation to discontinue the accelerated home leave travel, in view of the overlap with rest and recuperation travel, the statement indicates that the financial implications for the proposed programme budget for the biennium 2016-2017 are estimated at a net decrease of $1,930,000 and the financial implications for the proposed budgets for peacekeeping operations for the financial period from 1 July 2016 to 30 June 2017 are estimated at a net decrease of $5,790,000, both based on the implementation date of 1 January 2017 (ibid., paras. 28, 30 and 31).

Repatriation, relocation, termination indemnity and death grant

13. Under the new repatriation grant scheme recommended by the Commission, a threshold of five years of expatriate service would be established as an eligibility requirement. The Commission also recommends establishing a new relocation package featuring relocation travel, relocation shipment and a settling-in grant, with changes to the relocation shipment, including options on full removal or lump sum, and a settling-in grant that includes 30 days of local daily subsistence allowance for staff and 30 days at 50 per cent for each eligible family member plus a lump-sum equivalent to base salary, plus applicable post adjustment at the P-4 step VI level. The statement indicates that the proposed introduction of the unified salary scale would also have implications for separation payments, which include the termination indemnity, death grant and repatriation grant (ibid., paras. 33, 35 and 37).

14. According to the Secretary-General, taking into account the proposed transitional measures and the implementation dates of 1 July 2016 for relocation-related elements and 1 January 2017 for all other elements, the financial implications of approval of the recommendations above for the proposed programme budget for the biennium 2016-2017 are estimated at a net increase of $1.3 million, while the financial implications for the proposed budgets of peacekeeping operations for the financial period from 1 July 2016 to 30 June 2017 are estimated at a net increase of $870,000 (ibid., paras. 39 and 40).

IV. Remuneration of the Professional and higher categories: review of the base/floor salary scale

15. The Commission recommends, subject to the decision on the unified salary scale, a revised base/floor salary scale for Professional and higher categories, with effect from 1 January 2016, reflecting a 1.08 per cent increase in the base/floor salary scale and a commensurate reduction in post adjustment multiplier points, resulting in no change in net take-home pay (ibid., para. 43).

16. Subject to the decision on the unified salary scale with the implementation date of 1 January 2017, the Secretary-General estimates the related financial implications for the proposed programme budget for the biennium 2016-2017 at an increase of $232,100 for the year 2016 and for peacekeeping operations at an increase of $83,600 for the financial period from 1 July 2015 to 30 June 2016 (six months) (ibid., paras. 44 and 45).

V. Remuneration of the General Service and other locally recruited categories

Survey of the best prevailing conditions of employment in New York

17. According to the statement of the Secretary-General, the recommended salary scales for the five categories of locally recruited staff in New York are 5.8 per cent lower than the current scales, and in view of General Assembly resolution 68/253, the Commission recommends that dependency allowances for staff in the General Service and related categories of the common system organizations in New York be maintained at their current levels (ibid., para. 46).

18. The statement indicates that the recommended salary scales are expected to be implemented only with respect to staff recruited on or after the date of promulgation by the New York-based organizations, while the salary scales would be frozen for existing staff. The financial implications resulting from the freeze of the salary scales for existing staff are estimated to be a reduction of approximately $16 million, with no financial implications for the budgets of peacekeeping operations for the financial period from 1 July 2015 to 30 June 2016 (ibid., para. 47).

Survey of the best prevailing conditions of employment in Kingston and London

19. The Commission recommends a new salary scale for the General Service and National Professional Officer categories of the organizations of the common system in Kingston and a revised net salary scale for staff in the General Service category

in London. As there are no categories of General Service and other locally recruited staff funded from the programme budgets or peacekeeping operations budgets in Kingston and London, there are no financial implications for the proposed programme or peacekeeping operations budgets with respect to these recommendations (ibid., paras. 48 to 50).

VI. Conclusion

20. The financial implications of the decisions and recommendations of the International Civil Service Commission are summarized in paragraph 51 of the statement, as follows:

(a) The financial implications for the proposed programme budget for the biennium 2016-2017 are estimated at an approximate net reduction of $16,827,900;

(b) The financial implications for the budgets of peacekeeping operations for the financial period 2015/16 (six months) and 2016/17 (one year) are estimated at a net increase of $83,600 and $40,000, respectively.

The Advisory Committee notes the financial implications of the recommendations of ICSC should the General Assembly approve those recommendations.

21. The Secretary-General states in paragraph 52 of the statement that should the General Assembly approve the recommendations of the Commission:

(a) The reduction in requirements for the programme budget of the United Nations for the biennium 2016-2017 would be addressed in the context of the revised estimates: effect of changes in rates of exchange and inflation, for the biennium 2016-2017 (see para. 3 above);

(b) The reduction in requirements for the budgets for peacekeeping operations would be taken into account in the performance reports for the period from 1 July 2015 to 30 June 2016 and in the preparation of the proposed budgets for the period from 1 July 2016 to 30 June 2017.